

# EQUILIBRIUM CONDITIONS OF ECONOMIC GROWTH

## —A Development of a Two-sector Model—

by Ikuo Nagatomo

1. Following the line of Prof. Domar's model of economic growth, we wish to reconstruct a two-sector model of balanced growth. We define the relevant variables:

$V$  is the investment in the capital goods industry.

$W$  is the investment in the consumption goods industry.

$\lambda$  is the ratio of the increment in output to the investment in the capital goods industry.

$\mu$  is the ratio of the increment in output to the investment in the consumption goods industry.

$\alpha$  is the marginal propensity to save.

Then, for the balanced growth to be maintained, the economy have to satisfy

$$\left. \begin{aligned} \Delta V + \Delta W &= \lambda V \\ \left(\frac{1}{\alpha} - 1\right)(\Delta V + \Delta W) &= \mu W. \end{aligned} \right\}$$

From these we have

$$\left. \begin{aligned} \frac{V}{W} &= \frac{\mu}{k\lambda} \\ \frac{\Delta V}{V} &= \frac{\Delta W}{W} = \frac{\mu\lambda}{\mu + k\lambda} \end{aligned} \right\}$$

where  $k = \frac{1}{\alpha} - 1$ .

2. But, starting with the process of balanced growth, the investment decision in the real competitive process, I submit, may tend to result in

$$\frac{\Delta V}{V} > \frac{\mu\lambda}{\mu+k\lambda}$$

$$\frac{\Delta W}{W} > \frac{\mu\lambda}{\mu+k\lambda}.$$

These two equations mean that the economy is in the course of the so-called boom.

## MECHANISMS OF THE DETERMINATION OF THE MONEY WAGE RATE

by Masaharu Inabetsu

The problem that I will be concerned with in this survey article is the determinants of money wage rate in the post-war period. For this purpose I will mainly survey the econometric analysis in the United Kingdom and in America. The theories that are surveyed are as follows; (1) the theory of the determination of money wage rate by the mechanism of the demand for labour and the supply of labour. This is represented by the so-called 'Phillips curve', (2) the bargaining power theory, that is; money wage rate is determined through the bargaining process between the employer and the labour, (3) the theory that takes into account both the interaction between money wage rate and prices and the demand for labour. I will deal with Klein and Ball model and Dicks-Mireaux model there.

In this paper I will show that money wage rate cannot be fully explained by only single mechanism and that the institutional factors have to be taken into account in explaining of it.

## ON THE STRUCTURE OF “ERFOLGS- ERMITTLUNG UND BEWEGUNGSBILANZ ”

by Yong-Dal Seo

Capitalistic economy has been changed from day to day. In accordance with this situation, accounting system and theory are similarly developing through its asset concept.

At one time, the static accounting concept of asset was replaced by dynamic accounting concept of it. And now dynamic accounting theory, represented by E. Schmalenbach, W. A. Paton, and A. C. Littleton, is giving place to the new Fund Theory.

This Fund Theory, we can see in Germany as “Bewegungsbilanz Theorie”, has been picked up in business and academic circles as an object of study, and this study makes progress to some extent, but there are many disputable points in it.

I picked up the under-mentioned subjects referring Hans Ruchti, “Erfolgsermittlung und Bewegungsbilanz”, and tried to make clear the accounting structure of “Bewegungsbilanz”. It is an adventure-some task that I taken up such an up-to-date problem as my thesis; whereas there are not found much reference books on these subjects.

1. Introduction
2. Dynamic Accounting Theory and Fund Theory of Accounting
3. Accounting Structure of “Bewegungsbilanz”
4. Accounting Structure of “Erfolgsrechnung”
5. Relation between “Bewegungsbilanz” and “Erfolgsrechnung” (I)
6. Relation between “Bewegungsbilanz” and “Erfolgsrechnung” (II)
7. Some Close Examination and Conclusion